

Using Slovenian Experience in the Croatian Agricultural Policy Adjustment to EU Requirements

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SUMMARY

Strict EU requirements in politics, legislation and economics on new and future member states pose a great challenge for Croatia, which strives to become its member. Agriculture, being an important economic sector, needs to be considerably reformed in the process of adjustment to the Common Agricultural Policy (CAP). The Croatia decided to use the Slovenian case for better understanding of the requirements and their fulfilment. The Slovenian agricultural policy reform included change from market price supports towards direct payments, and implementation of different structural, environmental and rural development measures. Slovenia has implemented numerous reforms, plans and laws. Slovenian four-year pre-accession negotiations with the EU in agricultural sector comprised: implementing the *acquis communautaire*, exceptions from the *acquis*, and the financial part. To achieve the best negotiation results, Slovenia collected detailed and reliable data and engaged professionals who negotiated the most favourable position for Slovenian agriculture in the European agricultural sector.

The Croatian agricultural policy reform is underway, so there is a tendency of decreasing and phasing out the system of guaranteed prices, direct payments are being introduced, Croatia is included in trade integration processes, steps need to be taken for strengthening of competitive capacity of domestic products both in domestic and foreign markets, and rural development and the whole social situation in agricultural sector needs to be improved.

KEY WORDS

European Union, Croatia, agriculture, agricultural policy, Slovenia

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Received: January 28, 2005

INTRODUCTION

Agriculture is one of the most demanding sectors in the process of harmonisation with the EU standards. With exception of the newspaper articles as source of information, Croatia is poorly informed about what will be expected from the agricultural sector in the EU approximation process. Slovenia, which recently became the EU member, is a good example of agricultural adjustment and policy pursued in the process. Since there are some similarities between the Slovenian and Croatian agricultural sectors, this experience could be valuable for the Croatian adjustment.

The fact that legislation on agriculture accounts for approximately 40% of the entire EU legislation speaks of complexity of the agricultural issues as perceived in the EU. The Common Agricultural Policy (CAP) deals with common regulation of the sector for specific product groups, rural development policy, state subsidies, trading mechanisms, etc., while the veterinary and phytosanitary measures are aimed at realisation food safety objectives. The agricultural policy regulation is a complex process, subject to permanent changes (the CAP underwent three major reforms during the period 1992-2003 only), and it is particularly demanding on the new member states that joined the EU in 2004. The economy of these countries is significantly lagging behind the EU-15 states in competitiveness, and the agricultural sector is slowly recovering after the period of transition from the end of the 20th century which resulted in lost markets, sudden liberalisation, decrease in domestic consumption due to decrease in real income during the first years of transition, frequently ideologically-driven decisions on agricultural policy - these are some of the reasons that caused crisis in agricultural sectors of these countries. Whether the agriculture will benefit from the integration with time, or the loss will remain permanent, depends primarily on strategy set up for its structural adjustment by the politicians during the pre-accession period, as well as on the direction the EU policy will take regarding the new member states in the future.

Considering the present Croatian position in relations with EU, and some political and economic similarities it shares with the new member states, we assume that the Croatian agriculture will probably pass through more or less similar adjustment stages. Therefore, this article intends to analyse the example of the Slovenian agricultural sector and the Slovenian EU accession negotiations, and to identify the basic requirements on the agricultural policy in the agricultural sector adjustment process – both regarding the domestic production and the international trade relations.

PREVIOUS STUDIES AND METHODOLOGY

The questions related to the process of transition and development of market economies in the Central and Eastern European (CEE) countries have been analysed since early nineties. The uncertainties have been studied related to the trade liberalisation, foreign-trade instruments, and programs for stabilisation of domestic market (Anderson et al., 1992). Numerous programs of structural adjustment implemented at that time in the CEE countries have strongly reflected on their agricultural sectors, as determined by Goldin and Winters (1992), since at that moment agriculture accounted for majority of economic activities and income. Liberalisation of agricultural trade affected the income distribution and the economic reform policy. The initial effects of trade liberalisation and EU integration process on agriculture were evaluated in late nineties (Tang, 2000). The agriculture is considered to be the most troublesome sector in the EU association process of the CEE countries. The agriculture was expected to be marked by polarisation between the "winners" (successful, market-oriented producers) and "losers" (farmers on small non-competitive farms), but the number of "winners" will greatly depend on the skills of agricultural politicians to merge traditional products with priorities which are to be financed from the EU funds (rural development, organic agriculture, etc.).

At the same time, the Slovenian experts were studying costs and benefits from the EU accession for the Slovenian agricultural sector, and evaluating its position in relation to the EU-15 states (Erjavec et al., 1998): in comparison with the European, the Slovenian production was small and the support was based on price supports, while the protection level was rather high. It was underscored that the benefits would depend on negotiation results, and completeness of domestic agricultural policy. The pre-accession process also included harmonisation of legislation, building of institutional capacities, preparation of negotiations and restructuring of agricultural and food sectors to meet the competitiveness demands of the internal EU market (Rednak et al., 2001). Since the negotiation results were good, no significant change in economic status of farmers is expected after the accession, although the problems related to a relatively low competitiveness of the agriculture as compared to the European still remain to be resolved (Erjavec et al., 2003).

Although Croatia is still far from the EU membership and CAP framework adoption, its agricultural sector and agricultural policy have been preparing for these processes for years. It was already in late nineties that Croatia expressed its "clear commitment to

join the European Union, and therefore assumes an obligation to harmonise its national legislation with the legislation of the Community" (Žimbrek and Par, 1999). Croatian authors analysed conditions and preparedness for the agricultural sector integration with the EU (Franić and Žimbrek, 2003, Petrač, 2003), and gradual development of the Croatian agricultural policy that followed the development trends of the CAP (Franić et al., 2003). The experts have been describing the European agricultural policy as a policy of continual reforms, referring to it as the "policy of moving targets" (Božić and Kovačević, 2005). Understanding this policy is imperative if the process of adjustment of the Croatian agriculture to the EU requirements is to be successful.

Therefore, this study primarily analyses the secondary references on the studied topic, particularly the documents and reports that elaborate in detail the process of adjustment to the EU requirements underwent by the Slovenian agricultural sector and agricultural policy. Description and comparative analysis were used to pinpoint basic similarities and dissimilarities of the agricultural sectors of these two countries, and to determine which segments of the Slovenian experience can be used by the Croatian agriculture in the process of its adjustment to the EU standards.

AGRICULTURE AND EU COMMON AGRICULTURAL POLICY

Results of analyses (Franić and Žimbrek, 2003) present how the EU-15 states cultivated 135 million hectares of agricultural land. Production is concentrated in a limited number of countries, so 80% of the production value is earned in six countries (France, Germany, Italy, the Netherlands, Spain, and United Kingdom). In 2000, about 5-6% of agricultural population of EU-15, and 4.3% employed in agriculture contributed only 1.7% of agricultural GDP in total⁽¹⁾. The farm structures differ significantly. Basically, two types of agriculture are recognised: the South-European model, dominated by small farms generally managed by older farmers (mostly in Greece, Italy, Portugal and Spain), and the Northern-European agricultural model where medium and large farms dominate (Denmark, France, Germany, Ireland, and UK).

The EU enlargement in 2004 changed these averages, since new member states have much larger shares of agricultural population (up to 25%) and higher

agricultural employment rates (about 20% on average), and agricultural sector share in GDP of these countries is 7-10%. Agricultural areas increased by 38.5 million hectares⁽²⁾, farm workforce doubled, and number of consumers increased by more than 100 million. Considering economic criteria, the agriculture in new member states significantly lags behind the EU-15 agriculture, and it carries a burden of different historical heritages.

The EU Common Agricultural Policy is based on three principles: 1. free flow of agricultural products within EU, 2. privileges according to which the EU products are preferred in the internal EU market over the imported products, and 3. joint funding of agricultural programs. The present system is a result of two reforms. The first reform started in 1992, with switch from price subsidies to direct payments: the subsidised prices dropped, direct payments were defined, and new supply monitoring measures introduced. The second CAP reform, Agenda 2000, was adopted in 1999, and its implementation started in the beginning of 2000. It marked the EU turn from price supports to direct payment and adjustment of monitoring of supply. A more prominent position was given to the environmental issues, namely the need to integrate the environmental protection into the EU agricultural policy, which is the basis of the CAP reform from 2003 (the so called Mid-term Review).

Generally, within CAP a significant portion of the EU budget is allocated for support to agriculture. In 2000, the CAP costs were EUR 40 billion, which is over 50% of total EU budget, although the share of agriculture in overall economy is proportionally smaller.

SLOVENIAN AGRICULTURE AND EUROPEAN UNION

Agricultural areas in Slovenia occupy about 510,000 ha, of which approximately 90% are family farms, and only 8% are state-owned farms - agribusinesses which generate about 1/3 of total agricultural production.

During the last decade, the agricultural production increased by some 20%. Yields in crop production in Slovenia are 70 – 80% of yield in the EU-15 states. Livestock production shows a production increase trend, but the results are still lower than in the EU (e.g. Slovenian annual milk production is 3500 kg per head, and EU-15 production is 5700 kg per head/year). Since 1992, the foreign trade balance has regularly been negative, USD –449 million (Franić and Žimbrek, 2003). Agricultural policy of Slovenia underwent some changes in order to adjust to the CAP. In 1998, the Slovenian government adopted an agricultural reform program, and in 1999 a National Development Program was adopted for agriculture, food, forestry and fisheries. The reform aimed at

⁽¹⁾ According to the EC Report (<http://www.ers.usda.gov/Briefing/EuropeanUnion/basicinfo.htm>), although, depending on source, these data may differ. So this source reports a somewhat smaller cultivated agricultural surface area of 130.4 million hectares.

⁽²⁾ Source: EC (http://europa.eu.int/comm/trade/goods/agri/index_en.htm)

Table 1. Agricultural budget expenditure for different policy measures

	1998	1999	2000	million Euro 2001
Market price and intervention policy measures				
Price supports	2.3	2.0	0.0	0.0
Direct payments	9.2	18.2	29.1	37.2
Input subsidies	2.8	0.2	0.1	0.0
Support for sale and promotion	17.0	34.5	27.7	34.5
Market interventions	2.2	5.8	0.5	0.8
Aids given in the case of natural disasters	0.0	2.3	14.4	23.3
Total	33.5	63.0	71.8	95.8
Structural policy measures				
Eco payments	11.2	10.9	21.1	23.7
Investment schemes and restructuring payments	10.5	11.6	8.2	8.3
Other structural measures	14.3	10.7	13.4	12.4
Total	36.0	33.2	42.7	44.4
General services in agriculture	21.4	23.8	21.5	20.8
Total expenses	90.9	120.0	136.0	161.0

Source: Kumrić O. (2004), according to EC: Country Report on Slovenia, 2002.

restructuring of agricultural policy: replacing market price supports (phasing out guaranteed prices for consumer goods, such as wheat) with direct payment, and introducing different structural, environmental protection, and rural development measures. The reform resulted in promulgation of the Agriculture Act in June 2000. In 2001, the agricultural budget was increased by 80% compared to 1998.

Significant changes in the agricultural budget included: funds for market prices and intervention policy that were trebled in 2001 compared to 1998. That was a result of an increase in funds allocated for direct payments (400%) in case of natural disasters and for support for sale and promotion. The price supports and market intervention disappeared as the agricultural policy measures.

Activities of Slovenia in EU membership procedure⁽³⁾

The EU accession process started in June 1996, and concrete activities were launched in March 1998, when EU started the accession negotiations with five candidate states from Central and Eastern Europe, including Slovenia. The first legal frame for sovereign agricultural policy of Slovenia was the Act on Investment into Agriculture, Production and Food Supply enacted in 1991, along with the Slovenian Agriculture Development Strategy adopted in 1992.

In 1994, the agricultural policy framework was elaborated within an Action Plan for implementation of the Slovenian Agriculture Development Strategy for the period 1994-1996. Late in 1998, the Government adopted the Agricultural Policy Reform Program for 1999-2002. The 2000-2002 National Program for Development of Agriculture, Food Industry, Forestry and Fisheries elaborates in more detail a

concept of the agricultural policy reform, and its important features are: market price policy program, program for structural agricultural policy and rural development policy, program for policies in other fields within the competencies of the Ministry of Agriculture, Forestry and Food, financial plan, and evaluation of the National Program effects.

In 2000, the adjustment finally in promulgation of the Agriculture Act as the legal grounds for implementation of the Slovenian agricultural policy. The Act divides the Slovenian agricultural policy into the market price policy and the structural agricultural policy group. The Act envisages mechanisms and measures for each group, and the institutions competent for implementation and monitoring of the policy. The Act also regulates quality and labelling of agricultural products, their trading, and organisation of the producers, public services supporting the agricultural sector, and the database required for the agricultural policy.

Agricultural negotiations process and results

In December 2002, Slovenian four-year pre-accession negotiations with the European Union were finished in Copenhagen. The negotiation process involved: (1) implementation of *acquis communautaire*, (2) exceptions from *acquis communautaire*, (3) financial part.

Implementation of *Acquis Communautaire*

The most comprehensive set of negotiation topics was the one regarding implementation of *acquis communautaire*. For each of the fields regulated by the *acquis*, Slovenia had to present to the Union its precise plans for harmonisation with the EU *acquis communautaire*, and schedule of activities to be performed during the harmonisation with CAP. Generally, CAP includes: foreign trade measures

⁽³⁾ According to Volk T. (2004)

which are used to affect the price levels, measures for regulation of the internal market; supply administration measures used to limit production of particular agricultural products; different modes of direct payment, and multifunctional nature of agriculture which is not only the food producer but a sector with much more important role played in management of natural resources and rural area.

Exceptions from *Acquis Communautaire*

As regards agriculture, Slovenia did not ask for major exceptions, because they are not allowed by CAP and for the reasons of food safety. Slovenia asked for fifteen exceptions. During the negotiations they quitted some requests because of the EU *acquis communautaire* changes which made them unnecessary, or because of additional and more detailed clarification of the *acquis communautaire* from which Slovenia understood that it could realise its requests within the existing *acquis communautaire*.

Financial Part

As regards direct payments, the EC proposed that the candidate states gradually introduce direct payments during the ten-year period. During the first years, the candidate states were to get 25% of the payment value, same as the agricultural producers in EU-15 states. This share is to be gradually increased to the limit guaranteed by the *acquis communautaire*. Slovenia demanded equal position for all its producers in direct payments, and warned that the reasons EC used to justify the lower level of payment are groundless both professionally and economically, using as an argument the price balance before and after accession to the EU and years of experience it had with direct payments.

During the negotiations, because of specific features of its agriculture, Slovenia succeeded in getting the right to a top-up payment to its agricultural sector from the national budget. A successful further negotiations enabled Slovenia to reach a final agreement, which allows it the highest top-up payments from the budget among all the candidate states, so already in 2004 it made top-up payments of up to 85%, in 2005 it will be up to 90%, in 2006 up 95% and in 2007 up to 100%, which equals the top-up payments in the EU-15 states. This means that Slovenia is the only new EU member state whose farmers will have access to direct payments in amounts equal to those received by the farmers in the EU-15 states already in 2007. In general, Slovenian negotiators used detailed analyses of agriculture, with concrete numbers that were prepared for negotiations, so they could negotiate much easier for the benefit of Slovenian agriculture.

As regards quotas and reference quantities aimed at limiting the production growth, the EU based its proposal on statistics (or other available data) only.

The old member states have all the time been cautious in order to avoid the solutions that would be more favourable for the new countries and unfavourable for them. However, the invested effort paid off, since Slovenia succeeded in making a significant advance compared to the initial EU offer. Slovenia achieved the highest increase in quotas and reference quantities of all the candidate states.

Slovenia has put development of its rural area as a top priority in realisation of its development objectives since the very beginning. It succeeded in won EUR 100 million for a three-year period. This step was followed by preparation of a 2004-2006 Rural Development Program, which was presented at the meeting with EC representatives. And again, it was successful and was granted additional EUR 150 million for the Program. The Rural Development Program was also one of conditions for application for the funds from the SAPARD (Special Accession Programme for Agriculture and Rural Development) Program.

Preparation of legislation regulating veterinary and phytosanitary measures and food safety was also very demanding. Although even before the accession process started Slovenia had a rather high technical knowledge and strict regulations on food safety, intensive harmonisation went on for three years, to be concluded with promulgation of all key veterinary and phytosanitary regulations, along with the regulations on zootechnics, and seed and fodder production.

Expected consequences of Slovenia's accession to the EU in the area of agriculture

When beginning the process of entering EU, Slovenia used Austria's experience in some areas. From the very beginning the discussion on potential consequences of Slovenia's accession were opened but they were mostly generalised and poorly justified. That was the reason why Ministry of Agriculture, Forestry and Food along with Ministry of Science and Technology opened an early research project whose goal was to research the consequences of Slovenia's accession for agriculture. In 1995 agricultural economists published their first results. According to those research the economic position of agriculture upon accession will improve only if Slovenia enters the EU as an equal Member State, meaning that Slovenia would be like the Member States of EU-15 are – eligible for direct payments and the structural assistance from the EU funds. In the event of any discriminatory treatment as denying Slovenian right to direct payments or reducing the rights of structural assistance, or in the event of extremely poor competitiveness of the whole agro-food chain upon accession, the agricultural income in Slovenia would decline significantly (Rednak, Erjavec and Volk, 2001). The same authors explain that national agricultural policy will lose

a great deal of its sovereignty. The greatest danger lies in opening the market for food – processing industry and agriculture because of existing doubt that Slovenian food companies are able to sustain the strong price and non-price competition of 400 million internal markets. However, authors also predicted some advantages of accession like those related to using budgetary funds from Brussels for financing the development of domestic agriculture and rural areas, or an opportunity to sell products in the EU internal market without limitation and further develop activities.

REFORM OF THE CROATIAN AGRICULTURAL POLICY

In early nineties, the Croatian government committed itself to follow other European countries striving to join the trade integration processes. The process started with WTO membership late in 2000, and continued with concluding of free trade agreements with almost all European countries. The Croatian agricultural protection system was based on protective (guaranteed) prices, incentives based on produced quantities and compensations for agricultural inputs. In 1999, a new system of incentives was introduced for agriculture, based on payment according to the production area and one-time payments for establishing plantations, while livestock production was stimulated through selective payments for the parent herd and fattening animals (headage), particularly in the area under of particular national concern.

Croatia, like Slovenia, focused on reform of its agricultural policy in order to adjust to the CAP. Promulgation of the Agriculture Act in 2001, and of Croatian Agriculture and Fisheries Strategy in 2002, created a legal framework for implementation of necessary reforms in agricultural policy. Mid-2002, an Act on State Incentives to Agriculture, Fisheries, and Forestry was adopted, which is one of the most important features of the subsidy system reform. A commitment was adopted to reduce implementation of the measures that have distorting effect on the trade (customs protection, guaranteed prices, payment as per production unit). The veterinary and phytosanitary measures and food safety have also suffered certain changes⁽⁴⁾. The subsidy system reform envisaged the support measures for rural development as elaborated in the Rural Development Model (2003 Reform).

In October 2001, Croatia signed the Stabilisation and Association Agreement (SAA), which entered into force after its ratification by all member states (31 January

2005). The Government accepted the Implementation Plan for the SAA, and the implementation results are to be published in monthly reports.

COMPARISON OF THE SLOVENIAN AND THE CROATIAN AGRICULTURAL POLICIES IN THE TRANSITION PROCESS

Croatia can use experience Slovenia had in the transition process in order to prepare for the EU association. Comparison of agriculture in these two countries indicates similarities in characteristics and problems.

DISCUSSION

It should be mentioned that both Slovenia and Croatia have some major weaknesses that cause numerous problems in agriculture and their resolution asks for additional efforts. These are (1) competitive capacity of national products in local and foreign markets, (2) rural development and environmental protection, and (3) social aspects of agriculture.

By entering into the trade liberalisation agreements, Slovenia and Croatia opened up their markets to free trade of goods from many countries, which are more competitive by price, and some by quality as well. Both countries have negative foreign-trade balances, which is due to inadequate technical equipment, monopoly in input procurement, insufficient loan sources, undeveloped market, underdeveloped marketing, fragmented land, and the like. Both Croatia and Slovenia have clean natural production resources, which should be cleverly used and protected from destruction. Therefore, both countries must continue to deal with the rural development and environmental protection during their adapting to the CAP. Slovenia has already prepared its 2004-2006 Rural Development Program, while the Croatian Rural Development Program is in preparation. Croatia and Slovenia have similar structure of agricultural population, mostly old and inadequately educated for the work they do. Slovenia has higher production percentage in livestock production, and therefore its self-sufficiency in this sector is higher than Croatia's. The characteristics of the Croatian fisheries are more favourable as regards foreign-trade balance.

Slovenia has gone further than Croatia in adapting its agricultural policy to the CAP. In its preparations for the EU membership, Slovenia considered it important to prepare and promulgate a number of agricultural laws, documents, regulations, plans and programs. Slovenian negotiators also prepared all the necessary analyses of production-consumption and trade balances, annual reports on state intervention indicator, scenarios and simulations of agricultural policy in different reform conditions, which is still not the case in Croatia. The fact is that one candidate country cannot negotiate for its benefit if doesn't have

⁽⁴⁾ So far, the following laws have been passed: Food Act, Veterinary Medicine Act, Act on Organic Production of Agricultural and Food Products, Act on Genetically Modified Organisms (GMOs).

Table 2. Comparison of Slovenia and Croatia agriculture and agricultural policy

	Slovenia	Croatia
Total area	20,270 km ²	56,500 km ²
Agricultural area	510,000 ha	3,100,000 ha
Share of agriculture in GDP, 1999	3.5%	7.0%
Share of agricultural employment, 1999	6.2%	10.9%
Average size of family farms	4.2 ha	1.8 ha
Share of arable land in total area in 2001		
- plough land (Gardens included)	172,700 ha	1,459,000 ha
- orchards	12,000 ha	53,000 ha
- vineyards	16,000 ha	58,000 ha
- meadows and pastures	307,000 ha	1,562,000 ha
Crop production	49.6%	60.0%
Main outputs (thousand ton)		
- wheat	117.3	558.2
- maize	308.0	2,135.4
- oil-seeds	2.5	219.0
- vegetables	90.4	483.3
- fruits	127.2	250.2
Livestock production	50.4%	40.0%
Livestock number		
- cattle	471,000	438,000
- pigs	558,000	1,362,000
- poultry-	n.a.	10,871,000
- sheep and goats	72,000	540,000
- annual milk production per cow	3,500 lit.	2,221 lit.
Self-sufficiency		
- wheat	45%	106%
- beef	105%	71%
- milk	128%	81%
- pork	75%	86%
- poultry	112%	102%
Agricultural foreign trade balance, 1997	USD -449 Mil	USD -447 Mil
- import mainly from	EU-15	EU-15
- export mainly to	ex Yugoslavia	ex Yugoslavia
- fisheries	negative agri-trade balance	positive agri-trade balance
Agricultural budget expenditure in 2001	EUR 227.3 Mil*	EUR 208.3 Mil**
Subsidy policy	- abolition of system of price supports (since 2001), reduction of market intervention - increase of direct payments - increase of supports for rural development and eco payments	- system of price supports still exists with intention of reduction - adjustment to the direct payment system (by area and head of cattle) - introduction of support for eco-production in greater amount
Agricultural Policy reform		
- Agriculture Act	adopted	adopted
- Agricultural Development Strategy	adopted	adopted
- Agricultural Policy Reform Program	adopted	pending
- Financial Plan and evaluation of Action Plan	adopted	pending
- Rural Development Plan	adopted	pending
- Analyses and reports on pre-accession events in agriculture	exist	doesn't exist
- Scenarios and simulations of post accession events in agriculture	exist	doesn't exist

Source: Country Report on Slovenia, 2002; Central Bureau of Statistics of the Republic of Croatia: Agricultural Census (2003)

* By 80% more than in 1998; ** Twice more than in 1995

the arguments based on true numbers researched by its own researches. If not, EU imposes its rules⁽⁵⁾.

⁽⁵⁾ According to the interview with Dr. Miroslav Rednak from the Agricultural Institute in Ljubljana. The interview has been conducted in Ljubljana, April the 1st, 2004, by Ramona Franić.

As regards legislation, Croatia passed a number of laws and documents, but the control of their enforcement and harmonisation of numerous plans, programs and analyses is still insufficient. The reform of the support policy in Slovenia during its harmonisation with the

CAP was directed towards reduction of price supports (protective prices) and incentives for inputs in order for the prices of the domestic agricultural products to approximate the prices at the global market, which should result in increase of their competitiveness in both local and international market. At the same time, direct payments increased in order to compensate for a negative impact of decrease of guaranteed prices. The support policy in Croatia indicates the need for improvement through reduction in price supports and introduction of direct payments.

CONCLUSION

The Slovenian program for agricultural policy reform aimed at enabling stronger influence of the market and consequently encourage tailoring of the Slovenian agricultural policy to the CAP. Slovenia had to harmonise its legislation with the EU legislation, and to prepare exact data on all agriculture-related segments. Switching to the market-price policy meant phasing out of the state control of prices, weakening of the foreign-trade protection and export subsidies, introducing of and increase in direct payments, and implementing similar mechanisms for market stabilisation.

The Croatian agricultural policy is facing a very similar reform. Croatia has numerous specific agricultural issues (areas damaged in war, mine-contaminated areas, tourism, etc.) that ask for special care and strategy for resolving of the problems. Most Croatian experts consider that the Croatian agriculture will benefit from rather than loose because of the European Union membership. As regards the market liberalisation, by becoming the WTO member Croatia already opened up its market for free circulation of all products from the states with which it signed the agreements. Foreign markets have also opened for Croatia, however it is necessary to prove advantages of the Croatian products over those from other countries. The Croatian priority is to involve its experts who should analyse the collected agricultural data and use them in preparation of agricultural plans and programs, and in negotiations, which are uncompromising as regards accuracy and skills for ensuring the optimum position for the Croatian agriculture within the overall EU agricultural sector. It is particularly important that the plans, programs and reform be implemented in practice.

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